



COMMONWEALTH of VIRGINIA

Office of the Governor

Robert F. McDonnell
Governor

May 5, 2011

President Barack Obama
The White House
Washington, DC 20500

The Honorable Kathleen Sebelius
Secretary of Health and Human Services
Washington, D.C. 20201

The Honorable John Boehner
Speaker of the United States House of Representatives
Washington, D.C. 20515

The Honorable Harry M. Reid
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
United States Senate
Washington, D.C. 20510

Dear President Obama, Speaker Boehner, Senator Reid, Senator McConnell, Representative Pelosi and Secretary Sebelius:

Four months ago, I joined with thirty-two of my fellow governors to write to you about one of our biggest concerns: the Maintenance of Effort (MOE) provisions of the American Recovery and Reinvestment Act (ARRA) and the Patient Protection and Affordable Care Act (PPACA). These provisions prohibit state flexibility to control Medicaid program costs and make necessary budget decisions.

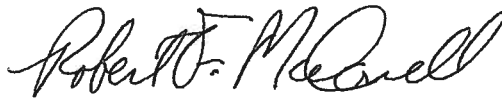
Here in Virginia, the MOE requirements imposed by the federal government required the Commonwealth to restore planned savings of almost \$460 million through Fiscal Year 2019. This included increasing the Medicaid eligibility level for long term care services to 300 percent of Supplemental Security Income and we were mandated to lift a freeze on long term care waivers.

May 5, 2011
Page Two

The MOE requirements prevented our agencies from changing resource calculations for long term care as previously enacted by the Commonwealth in an attempt to properly manage costs. These federal requirements have hindered the Commonwealth's ability to ensure that limited resources are directed to those most in need of public assistance, thereby imposing greater uncertainty on future budgets.

This week, Senator Hatch is introducing legislation in the Senate Finance Committee to repeal Maintenance of Effort requirements under ARRA and PPACA. In these difficult fiscal times, my fellow governors and I would like to see greater flexibility and relief from MOE provisions so that we may responsibly manage our state budgets on behalf of our taxpayers. I respectfully encourage you to support Senator Hatch's important legislation.

Sincerely,

A handwritten signature in black ink, reading "Robert F. McDonnell". The signature is fluid and cursive, with the first name "Robert" and last name "McDonnell" clearly legible.

Robert F. McDonnell

RFM/mr